

# Best Available Copy

## IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: J. Roger Kelley

Serial No.: 09/849,078

Filed: 05/04/2001

For: **Regulatory Online Management System**

Group No.: 2164

Examiner: Wong, Leslie



### CERTIFICATE OF MAILING

I hereby certify that this correspondence is being deposited with the United States Postal Service as First Class Mail in an envelope addressed to: Mail Stop: RESPONSE/FEE Commissioner for Patents, P.O. Box 1450, Alexandria, Virginia, on March 7, 2006.

RENEE TREIDER

(Printed or typed name of person signing the certificate)

(Signature of the person signing the certificate)

### DECLARATION OF PRIOR INVENTION IN THE UNITED STATES TO OVERCOME CITED PATENT OR PUBLICATION (37 C.F.R. § 1.131)

1. This declaration is to establish completion of the invention of the above referenced United States Patent application ("Application") in the United States at a date prior to September 1, 2000, the earliest priority date of prior art U.S. patent application serial No. 10/357,428 ("Singer") that was cited by the Examiner.

2. The person making this declaration is the inventor.

**Facts and documentary evidence**

3. To establish a date of conception of the invention of this application prior to the priority date of Singer, the following attached documents are submitted as evidence, all of which are true copies of the originals:

- (i) An internal, draft Flow Chart, including a file history print-out establishing a document creation date of March 17, 1998;
- (ii) An internal, draft Business Plan, including a file history print-out establishing a document creation date of August 13, 1998;
- (iii) A December 9, 1999 facsimile from the listed inventor, Roger Kelley, which facsimile included a Draft Document titled "ENDC PROCESS FLOW OVERVIEW" dated December 1999, in which the invention is described; and
- (iv) An internal newsletter titled "Regulatory Online Manager News", dated July 8, 2000.

4. Singer is a continuation of application No. 09/654,515 which was filed on September 1, 2000 and claims no priority to an earlier filed application. Singer was published on June 19, 2003. Singer teaches "an environmental permit web portal that permits access to and a data entry path for an environmental permitting, compliance, submittal, and enforcement system by remote users, such as regulated entities or regulating agency personnel and, more particularly, to a system allowing users to create, select, edit, complete, certify and pay for environmental permits, reports, registrations, questionnaires, surveys, certificates, applications as well to submit encrypted supporting electronic files and access to real-time facility-level and/or user-specific regulatory data." While Singer is only an application, it does not appear to claim the invention of the application. The application was filed on May 4, 2001, less than one year after Singer's earliest priority filing date of September 1, 2000.

5. The Applicant avers as follows:

- (a) Applicant conceived the invention prior to September 1, 2000;

(b) Applicant was actively developing the invention at least as early as March 17, 1998 and August 13, 1998, the dates of a draft, internal Flow Chart and a draft, internal Business Plan, respectively, that each referenced the conceived idea.

(c) Applicant continued to actively develop the invention as is evidenced by a facsimile of December 9, 1999, the date a description of the invention was included in a facsimile from Roger Kelley, which document includes descriptions of various contemplated components of the invention and an early version of a proposed Program Process Flow Diagram;

(d) Applicant continued to actively develop the invention as is evidenced by the internal newsletter "Regulatory Online Manager News" dated July 8, 2000, in which the status of the development is described and indicated as on-going.

(e) The Application was filed on May 4, 2001.

(f) Applicant used diligence in pursuing the invention from a time at least prior to September 1, 2000 to the time of Applicant's filing of the Application.

6. From these documents, it can be seen that the invention in the Application was conceived at least by the date of March 17, 1998, which is a date earlier than the priority date of Singer.

7. The foregoing also establishes the diligence of the Applicant, from the time of conception to the time of constructive reduction to practice.

8. While the Applicant used diligence in pursuing a reduction to practice of the invention, as is evidenced by the July 8, 2000 document, the Applicant faced significant software programming difficulties and challenges through the development process, including individual module development, documentation thereof and code writing, and had not yet completed a working version of invention as of the filing date of the application.

9. This declaration is submitted with the first response after Singer was relied on by the Examiner as a reference, which is also the first response after final rejection.

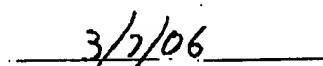
Application No. 09/849,078

PATENT

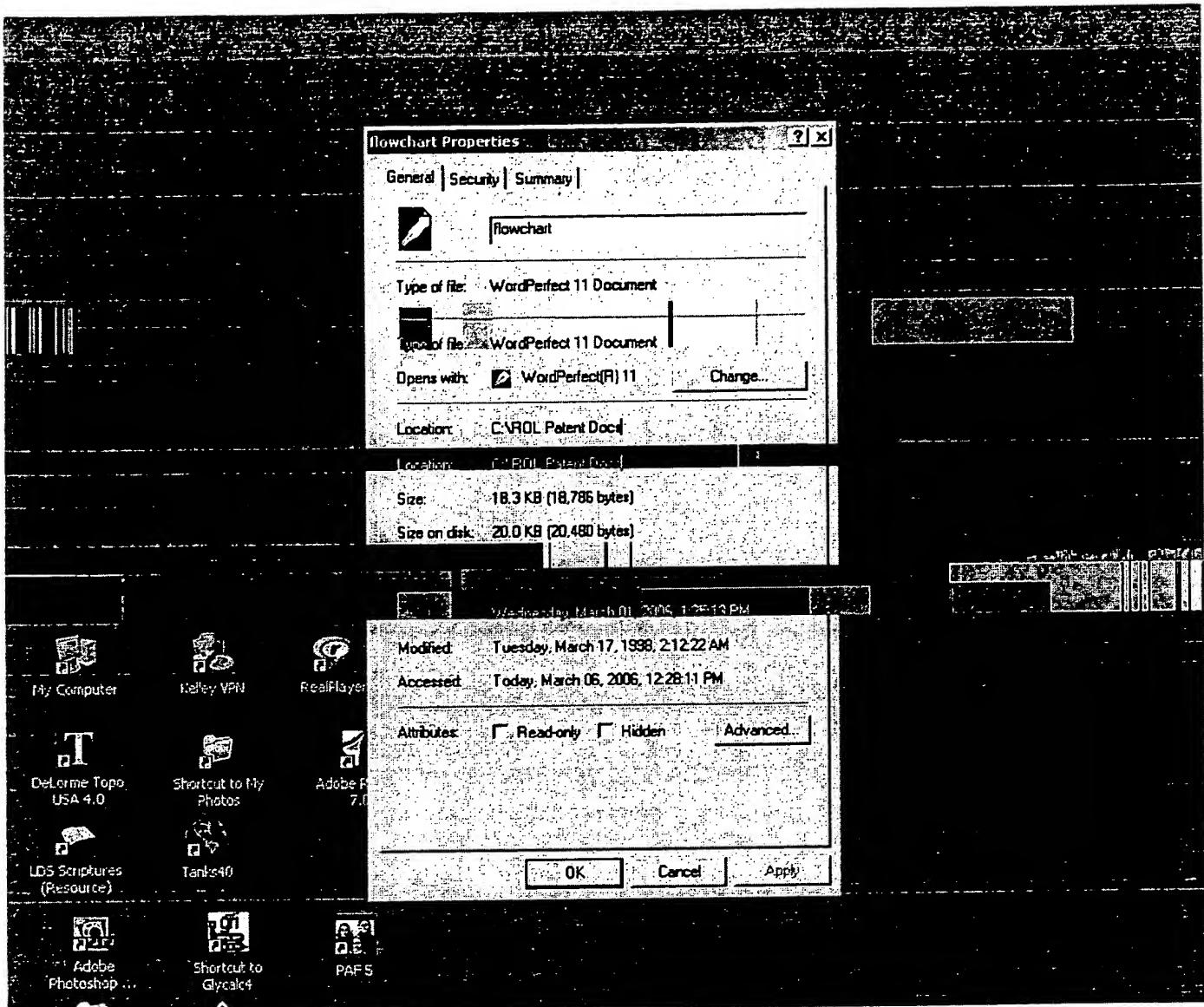
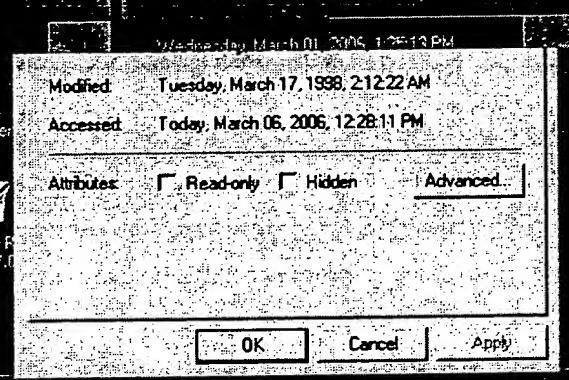
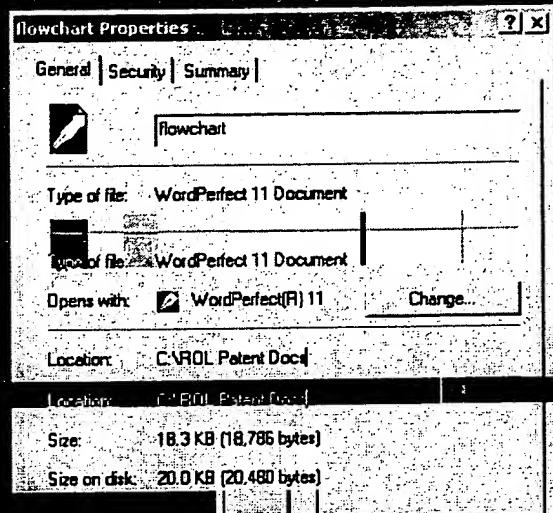
I further declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true, and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under section 1001 of Title 18 of the United States Code, and that such willful false statements may jeopardize the validity of the application or any patent issuing thereon.



J. Roger Kelley



Date



## ***REGULATORY DATABASE PROGRAM***

I. Database Input - All data may be entered initially or on an as need basis, such that a grand data entry project need not necessarily be required.

### **A. Personnel**

- Enter all personnel at all levels of the company that are involved in the regulatory process, along with their job function, location, level of responsibility, etc.
- Assign a personnel I.D. number to each individual involved with a particular facility, property or group of facilities or properties. This I.D. number will link this person to a particular facility or property or to a certain job function or both, with a time function involved.
- For those individuals with responsibilities at upper management levels, special I.D. numbers will be assigned to identify them as such.

### **B. Facility**

- Location, i.e. Latitude/Longitude; UTM Coordinates, City, County, State, etc.
- Type, e.g. Oil/Gas Production Facility, Gas Plant, Disposal Facility, Compressor Station, etc.
- Facility I.D. number - assigned by the operator of the facility
- Operator I.D. number - assigned to the operator of the facility

### **C. Equipment**

- Each piece of equipment involved in the regulatory process, i.e. tanks, compressors, pumps, process units, etc. will be entered into the data base with the required data.
- Each piece of equipment will be assigned an equipment I.D. number that will remain with that equipment as long as it is owned by the company. This I.D. number will be linked to the facility on a timed basis in order to allow calculation of air emissions from that particular piece of equipment, etc.

- The user will be prompted to enter all of the pertinent equipment specifications required to perform the various reporting functions. These specifications may be entered as a batch function or on an as need basis.

## II. Functional Modules

A. Topics - The regulatory topics to be addressed by the functional modules include but are not limited to the following regulatory statutes:

- Spill Prevention Countermeasure and Control
- SARA Title III
- Air emission compliance
- Waste water discharge monitoring and reporting - NPDES
- Toxic Wastes reporting - TSCA
- Waste management tracking and planning
- Underground Injection Control - testing, monitoring and reporting
- Environmental and safety training
- Naturally Occurring Radioactive Materials (NORM)
- And other environmental safety and regulatory issues that have application in oil and gas exploration and production operations

### B. Operation of Functional Modules

Each of the functional modules listed in II.A. above will perform either a reporting function, a calculation function, a documentation functions, or any combination of two or more of these functions. The user will log on to the Internet based program through the product web-site. For a first time user, a registration program will be available that will require the user to enter the necessary information that will establish an account with Gasinfo.com complete with passwords log-on I.D.'s etc. The choices available to the user at this point will be:

- 1) Enter data directly into the database choosing from one of the database

entry routines as listed above,

- 2) Access a functional module and enter the data as directed by the prompt driven system,
- 3) Enter into one of the infobase systems to access any one of the many industry information services provided by the program, or
- 4) Access another website that is linked into the Gasinfo.com site.

### III. Individual Module Operation

#### A. Spill Prevention Control and Countermeasure (SPCC ) Plans -

The SPCC module performs a compliance function that allows the user to enter facility, personnel and personnel information into the database which is entered into Federally required report form. The module also takes the operator through a prompt driven series of questions, the answers to which enable the program to complete the SPCC plan. In this prompt driven process, the user may either accept the default answers or custom design an SPCC report that reflects a modified operating scenario. This module involves:

- Data entry
- Question and answer session
- Simple calculations

#### B. SARA Title III Reporting

The SARA module performs a compliance function that involves data entry, decision tree analysis with regard to inventory volumes, and a very intense report generation routine. Chemical inventory data is entered into the database along with the facility data. From this information the module can determine the target agencies for the site specific reports, generate reports and letters, and document the reporting effort.

#### C. Air Emission Compliance and Reporting

The air emission module is one of the more complicated routines with regard to calculations and documentation. This module has a built in time function that allows the program to track air emissions for each subject facility over a particular time period for reporting purposes. This module involves intense data entry, documentation, calculations, and reporting. Compliance reports can be generated and modified automatically from facility to facility using the time based function.

#### **D. Waste Water Discharge Monitoring Reports (DMR's)**

The waste water module also involves a time function which allows the user to input analytical data from the monitoring of waste water discharges under the Federal National Pollutant Discharge Elimination System (NPDES) program on a timed basis in order to fulfill the reporting requirements of this statute. The waste water module also involves a calculation and a documentation function which takes the raw data, enters the results on the required form, and completes the remainder of the document using the facility and personnel data in the database.

#### **E. Toxic Substances Reporting - (TSCA)**

This module uses a documentation and calculation routine to document and report the use and production of substances subject to this act.

#### **F. Waste Management and Tracking**

The waste management module is primarily a waste management program to track the treatment, storage and disposal of wastes generated during the exploration and production of oil and gas. This module involves a documentation and a time function to track the compliance with waste regulations on the State and Federal level.

#### **G. Underground Injection Control (UIC)**

The UIC regulations require that operators conduct mechanical integrity testing (MIT) on all underground produced water injection wells on a regularly scheduled basis. The UIC module requires input into the data base of MIT results as well as well characteristics, documentation, simple calculations, and form completion.

#### **H. Environmental and Safety Training**

Some of the environmental and safety statutes require that operators conduct regularly scheduled training of employees regarding the requirements of these statutes. This module provides for the timed documentation of this training as well as record keeping and reporting. This information will be entered into the personnel database as well as to that pertaining to the applicable statute.

#### **I. Naturally Occurring Radioactive Materials (NORM)**

NORM is a naturally occurring substance that is associated with almost all minerals that originate below the earth's surface. Most of the state oil and gas regulatory bodies have adopted a regulation that sets a threshold level for NORM in oil field equipment and the surrounding environment, i.e. soils, water, etc. The

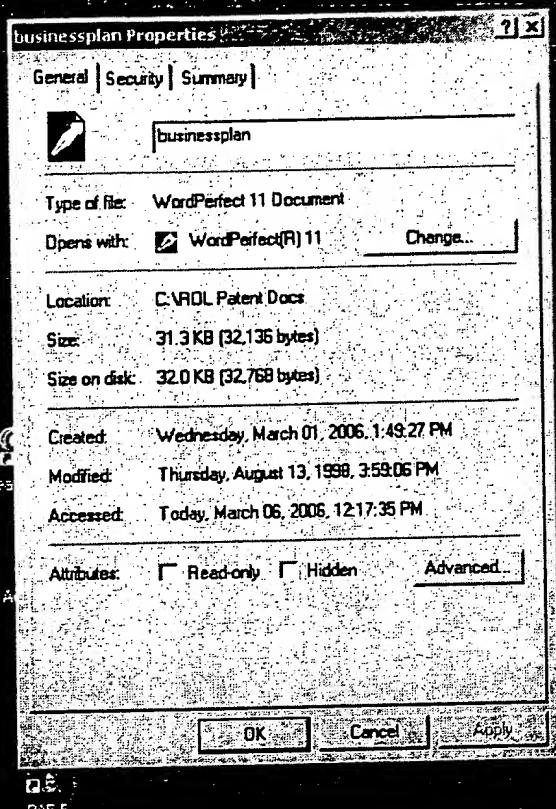
NORM module provide for documentation of the monitoring or testing for NORM in these areas. This testing is usually a one time occurrence on a single well lease, but may require repeating on a lease where conditions may change. This module involves data entry and documentation, including some personnel monitoring.

J. Other modules will be added to this data base system as the regulatory needs arise. The oil and gas exploration and production operations involve reporting and monitoring for production allowables, production rates, sales volumes, etc. Further, the modules included in this database program also have applications in other industrial and commercial operations, and will in time be adapted to those applications.

#### IV. Infobase System

The infobase system will serve as a resource for statutory references, industry practices, reporting forms and guidelines, current developments in regulatory issues, etc. The infobase system will be populated in a variety of ways, including but not limited to the following:

- Annotated state and federal environmental statutes, rules and regulations provided through links to other services or through individual research.
- Recommended practices and industry standards provided by industry trade associations.
- Reporting forms, guidelines, and procedures that facilitate compliance with state and federal environmental rules and regulations obtained from regulatory agencies, reformulated for the database program. Many of these forms will be completed by the information provided in the various functional modules.
- Current trends and developments in regulatory and legal matters related to oil and gas exploration and production operations. This information will be retrieved from trade associations, lobby groups, and other information services and provided on the infobase for producers to use in the making of business decisions.



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## **BUSINESS PLAN**

### ***Energy\_Net.com (ENDC)***

#### **1) Overview**

**Kelley Environmental Engineering, Inc.** is a full service environmental management firm serving to the oil and gas exploration and production industry. With years of experience in this industry, **Kelley Engineering** provides comprehensive environmental and engineering services which include: transactional environmental due diligence, corporate compliance, general auditing and support services, and environmental assessment and remediation. As founder and manager of this firm, **J. Roger Kelley** has developed a functional understanding of the regulatory needs of the industry, including the corporate infrastructure required for an individual company to comply with this myriad of regulations.

Mr Kelley has as his personal goal to become involved with a successful business venture with a future sufficient to meet his current and future financial needs. He would also like to be in a position to generate and be involved in future ventures to this same end. As his business goal, Mr. Kelley plans to build a solid base company for the development and support of ENDC, to achieve the short term market goals and to take the company public to enable the long term market and development goals of ENDC to be reached. He has chosen **Tenfold Corporation** as a partner to enable him to reach his goals.

**Tenfold Corporation** is a fast growing software applications technology and service company that builds large scale, mission critical solutions in short time frames for a fixed price. Tenfold has developed a revolutionary "universal application" software system that can be adapted to any standard database, which enables them to accomplish their short term, fixed price goals. It is for this reason that Tenfold was chosen over other software companies for the development of this product. Other software companies provide a rate-based price structure that provides no incentive for the completion of the product. Consequently, the success rate of these rate-based companies is not very high. Tenfold has historically been able to use their universal application system to develop what they style as "mission critical" applications within their projected schedules.

Tenfold has had a 100% success rate of providing the desired product within the allotted time frame. In one particular instance, they developed for Enron Corp. (within a 12 week period) a program to manage an elaborate marketing system to meet the deregulation deadline for natural gas in the state of California. This product characterizes the ability of Tenfold to react to the market and develop "mission critical" products on a fixed time and cost contract.

The simple mechanism for accomplishing the business objectives as stated is as follows:

- a) Tenfold will develop the software product and provide support for enhancements and customization as well as ongoing technical support, e.g. training, on-line support, etc. Specifically Tenfold will:
  - 1) Provide the software structure for ENDC that will operate according to the requirements as defined in the criteria manual and as determined by Kelley.
  - 2) Provide the expertise to place this program on the Internet and design the web system that will operate the product.
  - 3) Provide the support for customization of company specific products.
- For their contribution Tenfold will receive 1/3 of the company stock.
- b) The venture capital partner will provide \$1M in capital to support the marketing and development for J. Roger Kelley and the regulatory development staff. For this contribution, the venture partner will receive 1/3 of the company stock.
- c) J. Roger Kelley will provide the direction for the logistical development of the product, as well as the marketing effort. Mr. Kelley will direct the regulatory research for the infobase as well as the functional technical modules of the program. He will provide all of the engineering calculations and resources for the functional modules. He will also direct the research and provide the information for the digital library portion of the product. For his contribution, Mr. Kelley will receive 1/3 of the company stock.

**2) Timing**

Tenfold can deliver a product of the magnitude of ENDC in four to six months. The first phase of the project or the Executive Overview will be developed in the first 2-3 weeks. This Executive Overview is essentially the feasibility study for the product to determine how to proceed and how the overall product will be function. This phase will require the efforts of Tenfold personnel as well as Mr. Kelley who will provide information regarding the requirements and needs of the industry.

The next phase of the project is the development of the criteria manual which is

essentially the development manual for the product. This manual will take approximately 5-6 weeks to develop. The first working model of the program will be ready for the market at sometime between the fourth and sixth month. Tenfold provides in-house training for company personnel who use their products. Tenfold will also provide support for customization of ENDC for client specific applications.

**3) Marketing Plan**

The market for ENDC is very diverse. The major oil and gas companies will either desire a version of the program on site at the location if their corporate information services, or will desire to have dedicated servers on the Internet to provide them with their required level of security. The medium to small oil and gas companies, as well as the other service type users will use the program on-line.

The main avenue of contact to the oil and gas industry will be through the oil and gas industry trade associations, both at the state and the national level. These contacts will be accomplished through presentations at the regularly scheduled trade association meetings as well as at jointly sponsored trade association seminars. The Petroleum Technology Transfer Council (PTTC) which operates under funding from the U.S. Department of Energy (DOE) and the functional support of the Independent Petroleum Association of America (IPAA), is aware of this product and is prepared to support it with jointly sponsored technical seminars across the country as it has heretofore conducted with other petroleum technology. The mission of the PTTC is to disseminate innovative technology to the petroleum industry for the purpose of the advancement of the energy industry in the United States. ENDC will, by design, encourage and enhance compliance with all of the regulations that apply to the exploration and production of oil and gas and will therefore entice the PTC to support the product.

Other state and national oil and gas trade associations will provide similar support through endorsement and promotion. The Texas Independent Producers and Royalty Owners Association (TIPRO) has expressed interest in the product and has in the past sponsored seminars with Kelley Engineering as a means of providing information to their members and to help build membership. Other potential sponsoring organizations include the Gas Research Institute (GRI) and the Interstate Oil and Gas Compact Commission (IOGCC) through our use and endorsement of products that these entities have sponsored and developed, e.g. engineering calculation applications and information databases.

**4) Architecture**

ENDC is designed to perform the regulatory functions for an oil and gas exploration and production company as a time based, automated "on-line" consultant. In essence, ENDC will perform for the user, many of the functions of a staff or contract regulatory specialist as follows:

- Functional Components
  - a) Perform engineering and other calculations that provide information in reports to regulatory agencies
  - b) Retrieve data from other databases to be used in calculations and to be used in regulatory reports
  - c) Interact with existing company accounting and well databases to allow use of existing data
- Regulatory Database
  - a) Provides a structure within which to input data not normally used in the revenue accounting system and any other operations type well database
  - b) Interacts with existing database to combine info into common database that can be accessed by functional components
- Infobase
  - a) Provides a digital library for reference by users while determining compliance
  - b) Contains annotated regulations either developed by ENDC or purchased from another service.
  - c) Provide users of functional modules with a decision tree analysis for determining compliance requirements

## 5) Five Year Financials (all figures are monthly costs)

The five-year financial forecast is included at the end of this document and has been developed using the following assumptions and criteria:

- Personnel Functions
  - a) Manager \$15,000.00

Directs marketing and functional development of the product and the

administration of the company.

b)	Environmental Engineer	\$5,000.00
Provides expertise and direction for the engineering calculations as well as the regulatory reporting functions in the product.		
c)	Environmental Specialist	\$5,000.00
Provides direction and research into the regulatory requirements, laws, etc. and provides input into the reporting requirement function.		
d)	Marketing Specialist	\$8,400.00
Researches market and makes contacts for marketing of the product. Helps Manager with trade association contacts. Must have expertise in oil and gas service type software.		
e)	Technical support	\$4,000.00
Provide on-line support of product for Internet and PC based products.		
f)	Administrative staff	\$3,000.00
Provide bookkeeping, clerical and general administrative services for Houston office.		
•	Capital Requirements	\$100,000.00
a)	Initial equipment purchases for the Houston office to support the Houston staff, i.e. computers and other FF&E for the office.	
b)	Legal costs for patent and company setup	
•	Technology License and Transfer Fee	\$200,000.00
a)	Fee to Roger Kelley for patent license and product use	
•	Overhead G&A	\$5,100.00

- a) Fixed and variable costs to operate Houston office
- Web Server Space \$10,000.00
  - a) Lease on web space to support the product
- Advertising and Marketing \$10,000.00
  - a) Costs required for trade shows, ads in periodicals, trade show function sponsoring, etc.
  - b) In the first month of each year, an extra \$10,000.00 was added in to account for annual advertising fees.
- Travel and entertainment \$5,000.00
  - a) Funds to support travel to meetings and events to support marketing efforts.

**6) People**

Both Tenfold and Kelley Engineering are committed to finding people with practical experience in the industry who can develop practical applications that will be used by the industry. We make the product fit the industry rather than expecting the industry to fit the product.

**7) Patent**

J. Roger Kelley individually holds the patent on ENDC and will license this patent to ENDC, Inc.. All future patents that are developed by Mr. Kelley will be similarly be licensed to ENDC, Inc. as a company.

**8) Exit Strategy**

The following plan is designed to provide the investors and partners with projected, measurable milestones and the associated cost to reach each milestone. Each milestone has a target date and a cash flow requirement. If the target date slips for any of these milestones, the cash flow will accumulate proportionately. The business plan is designed such that if any of the target dates slip significantly, the investors or partners will have the opportunity to seek co-investors or bail out without further commitment. If growth expectations are met, the venture will be prime for a public offering in the third year of operation. Further exit strategies may be investigated at this point. The milestones along

with their target dates and associated cash flow requirements are presented in the following table.

Milestone	Target Date	Cumulative Cash Flow
1. Develop Executive Overview (Tenfold)	1 <sup>st</sup> Month	(\$232,200.00)
2. Develop Criteria Document	2 <sup>nd</sup> Month	(\$264,400.00)
3. Prototype on Web	7 <sup>th</sup> Month	(\$655,000.00)
4. First Revenue Received	8 <sup>th</sup> Month	(\$718,813.00)
5. Break Even Point	20 <sup>TH</sup> Month	\$191,343.00
6. Public Offering	36 <sup>th</sup> Month	\$9,327,597.00

**Explanation of Table:**

- 1) Tenfold will spend 3-4 weeks developing the Executive Overview which will determine the scope and requirements of the product. This exercise will require close cooperation of Mr. Kelley and his associates to provide the critical information for the development of this document. Once this document is finished, Kelley will prepare marketing materials to take to the Trade Associations and other client contacts and begin the marketing effort.
- 2) With the Executive Overview in hand, Tenfold will prepare the Criteria Manual which will be the "blue print" for the program.
- 3) Once the Criteria Manual is complete, Tenfold will require four to six months to write the program. Kelley will stay in close contact for consulting on the project and the gathering of information for the infobase as well as the functional modules. A prototype of the product will be on the web during the 7<sup>th</sup> month and available to exhibit at shows and at marketing calls.
- 4) Sales are expected during the 8<sup>th</sup> month as the Texas regulatory data is available on the web. Milestones for other state data are include in the financials.
- 5) The break even point will occur during the 20<sup>th</sup> month if market goals are met.
- 6) An initial public offering should be feasible in the 36<sup>th</sup> month if market goals continue to be met.

Kelley Environmental Engineering, Inc.

*Oil and Gas Environmental Specialists*

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**FACSIMILE TRANSFER**

DATE: Thursday, December 09, 1999

TO: Mr. Patrick Webb

COMPANY: Energy On-Line Services

FAX NO. 713-651-0468 TELEPHONE NO. 713-651-0466

NO. OF PAGES 9 INCLUDING COVER

FROM: J. Roger Kelley

**Kelley Environmental Engineering, Inc.**

Fax: 281/446-7573

COMMENTS: Please call if any of these pages do not come through and we will resend them.

## ENDC PROCESS FLOW OVERVIEW

Program Data Base (PDB) *web site*  
ENDC is a full featured, commerce enabled, interactive e-commerce system with offsite data entry companion software. The ENDC process involves the use of a common database of information that interacts with a modular program to accomplish the various required regulatory functions. This database will be maintained at the client / user level and will be designed to integrate the existing well, personnel, production etc. data that might already exist at the user's location. The information that a user will typically need to comply with the regulations includes, but is not limited to:

- Personnel Data - Job function, location, level of responsibility, exposure data, reporting level of accountability, Personnel ID number, time function
- Facility Data - Legal location (lat, long, UTM, city, county, state, country, facility type, facility ID#, time function)
- Equipment - Type, construction specs, functional and operational specs, equipment ID#, time function
- Production Data - Oil, gas and water production, flow pressures, injection pressures and volumes, etc.

(PPB)  
The program data base and basic operating system will be downloaded onto the client's local PC (after a license fee has been paid). The user will have been assigned a user ID along with a password to allow access to the system. He will be billed according to usage, i.e. per hit or per product generated. The data base and operating system will be used to access any one of the many functional modules to perform mission specific functions.

(report)  
The functional modules will have calculation, analytical and report generating capabilities. Any one module will enable the user to perform a particular regulatory function using either a direct data entry format or through a prompt driven question and answer session. The direct data entry format will be used by the more experienced user who has a working knowledge of the regulation and system in which they are operating. Using this format, the user may even choose to populate the data base prior to accessing the functional module through a link to another or other data bases or manual data entry. This methodology will be discussed further in this report.

Company  
For the less experienced user with limited knowledge of the regulatory requirements, the program module will prompt the user to make selections that will lead them through a tutorial

December 1999

~~during which they will be directed to choose the appropriate~~  
type exercise, ~~including the proper choice~~ of the program module. As the user answers these prompts, the data is entered into the common data base, thereby allowing the functional module to access this data and perform the necessary calculation and reporting functions. The user may choose to enter situation specific data or select system defaults as they are made available.

*either will be      PDR*

*include*

*advice* → Once the data has been identified and the program module accessed, the system will automatically perform the necessary calculations, populate the appropriate forms and reports and notify the user of their compliance status as it relates to thresholds, operating criteria, etc. either triggered or otherwise identified in the report. These criteria may be air emissions criteria, water discharge constituent concentrations, injection pressures/volumes, production allowables, etc. The user may choose to use their own threshold criteria as it is appropriate. The system will generate a compliance status report for the operator indicating which, if any of these criteria has exceeded the accepted regulatory requirement. The user will then have the opportunity to review the results and reports generated by the system and decide whether the report is acceptable for submission.

Each of the regulatory modules will employ a time function which will enable the system to maintain a history of accumulations, events, etc. for reporting.

## Flowchart Explanation

A general description of the flowchart is as follows.

### Experienced User

This user will log onto the system web site using a pre-assigned password. They will immediately begin searching for the module that they desire to use to accomplish the task at hand. Once the module has been accessed, this user will chose the appropriate facility, property, or other type ID # that identifies the subject with which they are working. The user will then ~~activate~~ operate the module by making the appropriate choices of activity, report, etc. that they desire to accomplish during this session. The input data may reside in the on-site program data base (PDB) populated manually by the user at a prior time or populated by the user during this session. The on-site program data base may also be integrated with other data bases at the company site or within the company system that provide other quantitative data and qualitative data required to perform the calculations and complete the reports. *may be*

The Program Data Base (PDB) is a data base that is designed to interact with all of the on-line program modules. Companies have data in other system data bases that is necessary for these ~~functions of~~ modules. ENDC will enable these users to link these data bases to the PDB in a form that can be used by the on-line system modules. The system modules will also use data from system data bases that are maintained by ENDC and that contain default data for use in calculations as well as for regulatory analysis. The default data will include but not be limited to equipment emission factors, equipment construction and design data, control equipment efficiencies, climatological data, physical chemical data (MSDS type), public and employee, meteorological data, exposure levels, regulatory thresholds, regulatory contact data, etc. Also at the system level will be a digital library that will be linked to the system modules to provide regulatory and statutory references where necessary. The default data as well as the digital library will be maintained by ENDC on an on-going basis. Current references and forms will be provided as well as regulatory developments, ENDC will provide smart links to agency web sites that will take the user directly into the location that applies to their question or issue.

### Less Experienced User

The less experienced user is one who might not have a working knowledge of the regulatory issues or requirements. They probably have somewhat of an understanding of what they need to do from industry trade association information or some other network source, but do not know how to proceed.. The system will direct them by providing a prompt driven tutorial that will enable them to decide ~~what~~ module is ~~needed~~ for their particular operation. Within this tutorial, they may review summaries of the various regulatory statutes that pertain to facility or property given their specific location and type of operation, etc. Once the system module (s) has been

*which*

*appropriate*

*gives certain*

*data*

*changes in*

identified, the user may proceed through a user-friendly, prompt driven question and answer session that will direct the user to either provide the data necessary to comply with the subject regulation or choose the default data provided by the system.

#### Module Functions / Calculations

Once the functional system module has been selected and the appropriate data bases accessed, the module will automatically perform the required functions to complete the regulatory reports. In some cases, the calculation routines may be specified by the governing body ~~and~~ either an industry accepted routine or an agency specified operation. These routines have been designed and are available through trade associations, agencies, etc. This system will license these programs and provide access to them through the Program Data Base as a default calculation routine. The user will be given the opportunity, for example, to choose a system designed AP42 ~~through site~~ calculation for storage tank air emissions or to access the EPA Chiefs version of Tanks II<sup>®</sup> or any other industry or agency accepted software that might be available on a ~~somewhat~~ share-ware ~~or~~ license basis. The system modules will make use of cumulative data to prepare time-based (i.e. quarterly, annual, etc.) reports.

#### Results / Audit

Once the results have been obtained and the reports have been generated, the user will have the opportunity to audit the data and the report for accuracy and quality control. Of course the more experienced user will make better use of this function. The less experienced user may use this function as a learning tool to see what exactly they are required to report. The user will have the opportunity to accept or reject and modify the data that has been generated. ~~Either~~

#### Reports Generated for Submission

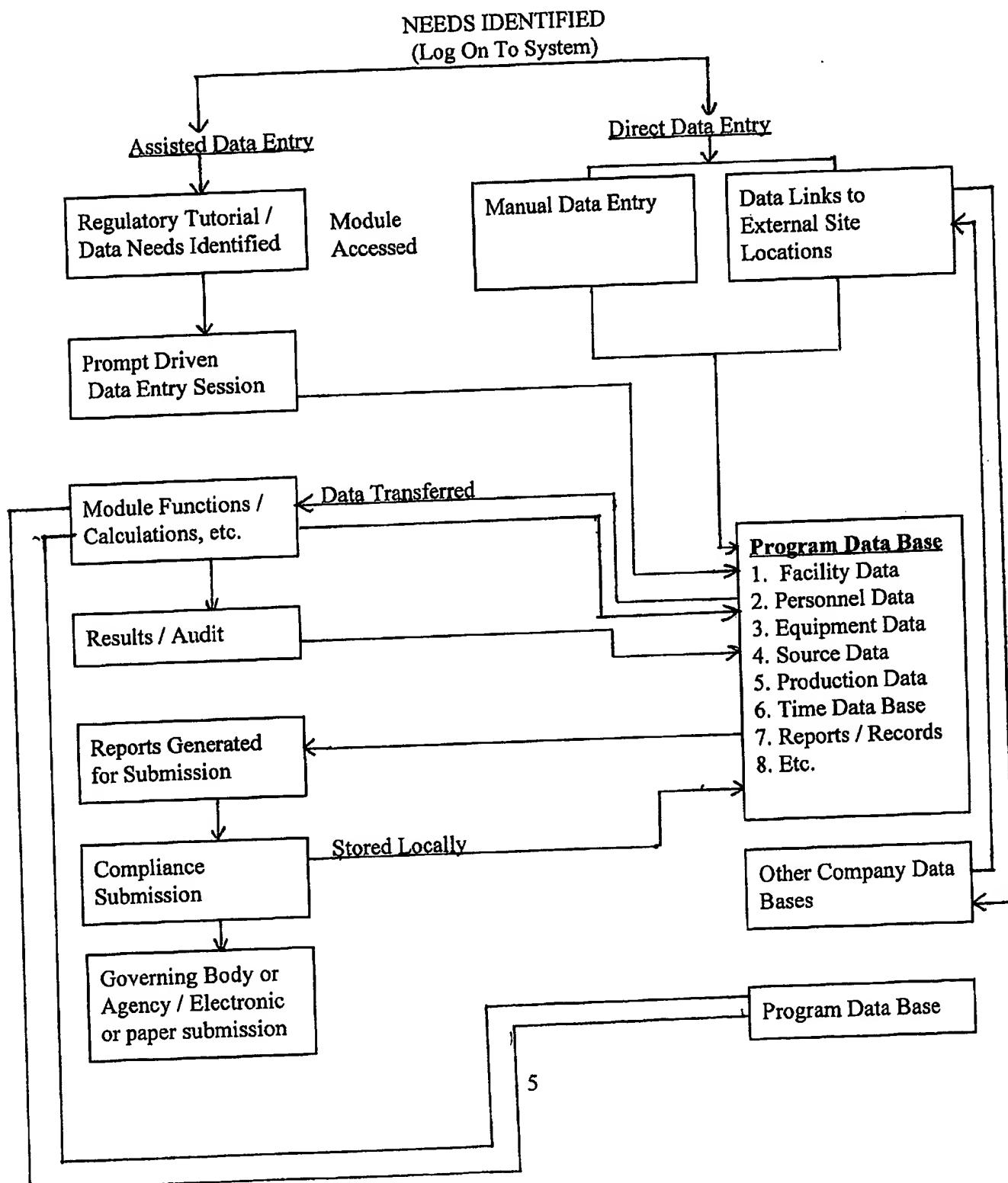
The module will now generate a final report for submission to the governing body or agency. The historical reports will be stored locally on the PDB rather than at the server interface to provide more secure data control. Companies will be able to retrieve these historical reports at any time on their own system data base rather than having to log on to the on-line system. Reports may be either printed and submitted in hard copy ~~as is the case yet with most agencies~~, or they may be submitted electronically if the agency is set up for this service.

*then:*

*(PDB)*

*ENOC*

### Program Process Flow Diagram



**Example: Air Emissions Regulatory Module**

The air emission regulatory module is a good example of data entry and calculations with decision tree analysis regarding the out-put. Air emissions compliance requires entering or accessing form the system facility equipment and production data. The facility data will establish the location of the facility with regard to air quality control districts where requirements may change drastically from one area to another. Location specific data triggers, (in addition to site specific regulatory standards), climatological and meteorological data. includes

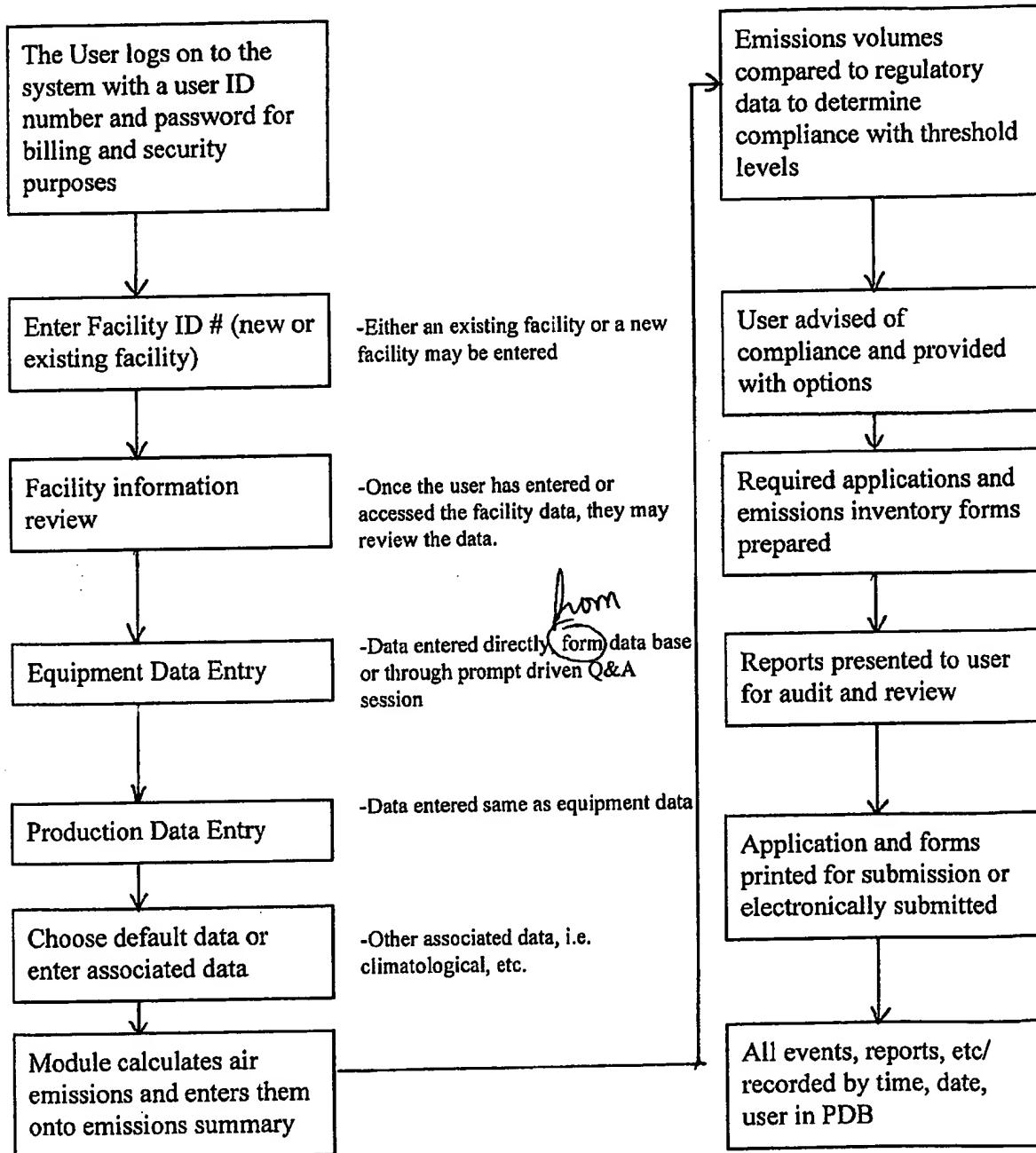
A large volume of detailed equipment data is required for this functional module. In addition to equipment size, ratings and dimensions, equipment condition is also used to trigger certain emissions factors to be used in the calculations. The user may not be prepared to enter all of the data in one session due to the lack of availability of this data. In this case, the program will generate a questionnaire that will assist the user in obtaining all of the input data from the field location. Some manufacturer's data may be required, for instance, on compressor engines. Again, this data may be entered into the PDB by direct entry prior to accessing the module. Once the data is entered with a corresponding ID #, that piece of equipment will always be identified with that same data. If a piece of equipment is moved from location to another, the emissions characteristics will follow that unit to the new facility ID and the cumulative emissions will be adjusted to match the time of service at each location.

Air emissions calculations require extensive data input and many complex calculation routines. Some industry accepted engineering calculation programs will be used by direct access with this module. Air emission also require a time function to track the emissions as well as the equipment usage throughout the year for the annual emissions inventory reporting. Annual emissions volumes are subject to regulatory limitations which must be kept current in the System Data Base. Also, production data must be kept on a time basis to allow for actual emissions assessments. Once the air emissions summaries are obtained, these emission volumes will be compared to the regulatory data base for that specific location to determine the compliance status of the facility. The system will advise the user of the compliance status and prompt them as to what must be done to attain compliance if the facility is non-compliant. The system will also assist the user in determining what emissions levels are acceptable.

The following flow diagram provides a simplified description of this process.

### Air Module Process Flow Example

Scenario: The operator recognizes a need for air regulatory compliance for an oil and gas production facility



**Digital Library**

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*ENOC System*  
Also available to both types of users is a digital library which contains regulatory laws, rules and regulations and summaries of each, as well as documents containing industry accepted standards, specifications and practices, i.e API, GRI, ASTM, ISO, etc. standards, as well as government standards and specifications that may be used in the compliance process. This information will be provided in a number of ways which will be designed to reduce the liability associated with providing what might be considered legal advise. This information will be provided and accessed much in the same manner as the Bureau of National Affairs publications, Thompson Publication Services, the American Petroleum Institute, etc. In fact, many of these resources will be resold for a royalty on this system in order to provide the user with the broadest access to information. This library will be maintained in part through a system of "hot links" to agency and trade association web-sites to save the user the time required to research these sites.

Example: If the user is gathering information regarding a matter of compliance and desires to find out what the air requirements are in Harris County, Texas for VOC emissions for a new source, then they need only to indicate that they would like to get such information by clicking on the icon for that topic at the home site, and will be automatically be launched into that section of the site. At that point, the user will be able to download a copy of that portion of the regulations and keep, maintain them in that facility file for future reference on that same or similar matters.

ENDC will maintain a staff that will monitor the individual state and federal agency web sites for new developments and will be available to provide enhancements when they are deemed necessary and as they are provided by the agencies.

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# Regulatory Online Manager News

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[www.romgr.com](http://www.romgr.com)

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## Evolution is Good

ROMGR is in exciting times. Significant milestones have been reached and we are well underway. We still have a number of issues to address and are actively seeking solutions. Our primary concern is securing an initial financial partner. We have made nothing short of miraculous progress having expended very little cash, however the time has come to secure a first round of financing. ROMGR is now prepared to look to it's Board of Directors for assistance in this effort, please read on and see what we are up to, and why it is important.

### Who are we becoming?

ROMGR will be the fastest, easiest and most cost effective way for businesses to comply with governmental regulatory requirements (in most industries and in most countries).

Virtually all industries are regulated in some form by either a governmental agency or a self regulating industry body (or both). In most cases it is an arduous task to understand, remain up-to-date, and in compliance with all the "Red Tape" (with or without outside help). Especially for small to medium sized companies that don't have the resources to absorb the unknown and costly expenses of consultants/attorneys. It is this very problem that lead Roger Kelly (CEO of ROMGR) to assemble a team to target a particular market niche (Oil and Gas Production) and create an Internet based "Red Tape" solution that could also be replicated to fit most industries. Roger is unique as a Environmental Engineer who has worked and consulted in the Oil and Gas industry from all regulatory points of view, from regulator to industry expert consultant. He intensely understands the mountain of red tape that exists, and

more importantly understands how to get it under control. ROMGR's proprietary Internet based system (we like to call "The Digital Roger") is the only known solution that meets all of our client servicing objectives.

Roger and his team are continually accessing the ability of ROMGR to leverage it's base model and technology to capture the "Red Tape Market" in all industries.

### Recent Accomplishments

ROMGR has in the last few weeks executed on several fronts:

1) There has been an agreement struck with the law firm Bracewell and Patterson to become a strategic partner in expending resources with many of the legal issues facing ROMGR. Including the patenting of the intellectual property (which is well underway) as well as corporate legal support such as the organization of ROMGR into a Delaware Corporation and addressing issues relating to company's capital structure. Bracewell has also committed to address all "environmental legal" issues as they relate to regulatory compliance.

2) The business plan has been through several iterations and now reflects ROMGR's vision of capturing the global "Red Tape Market" (with the initial target niche being the upstream energy market).

3) ROMGR is pleased to announce that Lane Moesser formerly with MAXXAM Inc. (a global leader in several highly regulated industries and respected leader on Wall Street as one of the most innovative financiers) has come on board as our Interim CFO and is working with Roger on all levels strategic planning and development.

4) ROMGR has secured it's URL (romgr.com) and has begun construction of it's web site that will initially double as an informational tool to other potential strategic partners.

5) OES, a division of EOG resources continues to be interested in ROMGR as a strategic partner and is looking for the company to bring on board and few more key personnel before they commit second round financing dollars as well as technical and industry resources.

## Looking Ahead

Funding is our number one priority. Non-the-less we are continuing to progress on all other fronts.

ROMGR has received significant interest from the DOE (Department of Energy) to many of the related trade associations on down to respected industry consultants and end users. We understand the value of what is now ROMGR and the long standing void it fills in the market place. We also understand the many barriers and reasons the void has not been filled thus far. It is now a matter of choosing "the right fit" financial partner to complete the loop.

Within the next few weeks the patient work will be completed and filed (understanding that we intend to have an entire portfolio of related patients that serve in strengthening our hold on the market). We also plan completion of the demonstration website within the next three weeks as we finish assembling the necessary information for the final screen views.

The revenue projections for the initial niche market (Oil and Gas Production) have been constructed for the first five years of operations (those alone are impressive and more importantly they are defensible). In the next three weeks we will have layered on revenues for the other markets we plan to penetrate within the first five years, and have a more complete picture of ROMGR's value.

The actual program technology is broken into several modules. The first and most difficult of the modules has been totally documented and is ready for a programmer to write code. The other modules are in process and will be at that same stage within 5 to 6 weeks.

We are in negotiations with several software companies that have all expressed interest in partnerships that would place large portions of their development costs at risk in exchange for equity positions. The demonstration website that is being constructed in-house provides a jump on the programing time line that has been estimated to be between 4 and 6 months. However, it will take initial funding to start that process. We are also exploring the possibility of writing a portion of the code in-house as to further speed up that process.

Thank you for being on board and we look forward to more frequent communications in both directions as we seek your guidance down this exciting path.

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